

null
Diana T Fritz 08/28/2006 11:30:02 AM From DB/Inbox: Search Results

Cable
Text:

C O N F I D E N T I A L ABU DHABI 04306

SIPDIS
CXABU:
ACTION: POL
INFO: FCS RSO AMB DCM MEPI P/M ECON

DISSEMINATION: POL
CHARGE: PROG

APPROVED: CDA:MQUINN
DRAFTED: ECON:OJOHN
CLEARED: POL:JMAYBURY, ECON:ACURTIS

VZCZCADI908
PP RUEHC RUEHZM
DE RUEHAD #4306/01 2851533
ZNY CCCCC ZZH
P 121533Z OCT 05
FM AMEMBASSY ABU DHABI
TO RUEHC/SECSTATE WASHDC PRIORITY 1986
INFO RUEHZM/GULF COOPERATION COUNCIL COLLECTIVE

C O N F I D E N T I A L SECTION 01 OF 02 ABU DHABI 004306

SIPDIS

STATE FOR NEA, NEA/ARPI
STATE FOR EB/TPP/BTA
STATE PASS USTR FOR SHAUN DONNELLY AND DOUG BELL

E.O. 12958: DECL: 10/12/2015
TAGS: [ETRD](#) [ECON](#) [PREL](#) [TC](#)
SUBJECT: SHEIKH HAMDAN DISTURBED BY LACK OF FTA PROGRESS IN LONDON

Classified By: CDA Martin Quinn for reasons 1.4 (b & d).

11. (C) Summary: On October 11, UAE Deputy Prime Minister/Minister of State for Foreign Affairs Sheikh Hamdan bin Zayed told Charge and Econ Counselor that he was disturbed by the performance of both sides during the high level FTA talks in London on October 7. He stressed that FTA negotiations were not going well and that both sides needed to work toward compromise. He said that if the negotiations continued the way they were going, they would not succeed in the time frame desired. Sheikh Hamdan also said that the negotiations were too important to leave to "employees" (&muwathafiin8) and that he would be taking a much closer high level interest on the UAE side. Although Sheikh Hamdan did not discuss detailed problem areas, areas of concern that we know about include: telecommunications liberalization, the jurisdiction of the agreement, and visas. Charge stressed that we were partners in this endeavor, noting also that there were areas where legally we had little room to maneuver. End Summary.

12. (SBU) Deputy Prime Minister/Minister of State for Foreign Affairs Sheikh Hamdan bin Zayed (HbZ) convoked Charge on October 11 at 8 p.m. to discuss his concerns about ongoing FTA negotiations. Hamdan was accompanied by MFA U/S Abdullah Rashid Al-Noaimi, A/US for International Cooperation Mohammed Abdul Jalil, UAE Ambassador to Washington Al Asri Al-Darer, and HbZ's translator Zaki Al-Nusaiba. There were no representatives from either the Ministry of Finance or the Ministry of Economy (the co-leads on the FTA negotiations).

London Talks Went Badly

¶3. (C) HbZ explained that he had been disturbed by reports about the October 7 meeting between lead FTA negotiators in London. He said that he was not happy with what he had heard about the performance of either side, adding that he had gotten the impression that both sides were trying to "hector" or score points, rather than trying to achieve the common goal of an FTA. Charge said that he understood the talks in London had been frank, but that some progress was made. Al-Noaimi interjected that the whole discussion had been one-sided: focusing on necessary UAE concessions. When the UAE looked for concessions on the U.S. side, the answer was always "no." HbZ said that it appeared that the new head of the U.S. delegation was trying to get the UAE to make more concessions than his predecessor had, and this "was not going to happen."

It Can't Continue Like This

¶4. (C) HbZ emphasized that, from the start of negotiations, the UAE had offered negotiation "concessions" without comparable movement on the U.S. side. He stressed that the FTA should be "50-50" with neither side getting everything it wanted. HbZ acknowledged that there would be areas on both sides that were not subject to negotiation because they were matters of sovereignty. He noted, however, that he thought there was room to come to agreement on many issues. Charge told HbZ that we welcomed the partnership we have with the UAE in many areas, and that we want the same type of partnership in our trade relations -- which will benefit both nations. He said that we viewed the negotiations as a partnership, but stressed that there were areas where the USG had very little flexibility, because of U.S. law and the need to work with Congress to ratify any agreement.

¶5. (C) HBZ said that the UAE also needed to work with its constituents in the public and private sector. The UAE, he said was "determined to succeed" but if the U.S. presented unacceptable conditions, it would make it impossible for the UAEG to build consensus to support the agreement. He added that the government was already feeling pressure from constituents due to concessions it had made. HbZ said that if the negotiations continued the way they had gone, both sides would be "unable to achieve agreement" within the expected timeframe.

High Level Push Needed

¶6. (C) HbZ also stressed that he thought the negotiations were too important to be left in the hands of the "working level employees" on either side. The negotiating teams were representing the interests of their respective governments and needed to be "instructed" to work toward agreements "at the mid-point." HbZ then explained that he would be paying attention to the negotiations at "a high level." Subsequent to this meeting, Minister of Information Sheikh Abdullah bin Zayed conveyed a similar message by phone to A/S Welch.

Comment

¶7. (C) The high level intervention by two influential Al-Nahyan brothers shows the seriousness with which they are taking the negotiations and their concern that things are not moving as quickly -- or as positively -- as hoped. Both HbZ and Sheikh Abdullah have previously committed themselves to the success of the negotiations. Although HbZ did not mention specifics during his conversation, there are several areas of concern for both sides. These include:

-- Visas: The UAE has asked to include provisions for temporary entry, citing FTAs with Singapore and Chile as precedent. USTR has clearly said that we do not have the authority to include visas in an FTA.

-- Federal-Emirate Jurisdiction: The UAE has explained that an FTA can only bind the UAEG, not the individual emirates.

The problem with this position is that the UAEG makes up a very small part of the overall UAE economy. The Emirate of Abu Dhabi, for example, has more government procurement than the UAEG.

-- Telecommunications: The UAE refuses to open up its telecommunications sector for 10 years, citing a need to let a second telecommunications company establish itself.

-- Security of Assets: The Abu Dhabi Investment Authority has significant investments in the United States and wants a formal mechanism to review the potential freezing of UAEG or Abu Dhabi government assets under the Patriot Act or OFAC sanctions, etc.

-- Agencies and Companies Laws: During the meeting with Charge, Al-Noaimi cited UAE movement on these laws, as an example of how the UAE has made a concession on an issue of U.S. concern.

Comment (continued)

18. (C) HbZ,s comments about the UAE,s being obliged to take a step that could have negative repercussions, could be an elliptical allusion to the Arab League Boycott of Israel. UAEG officials have previously told us that UAE policy is to not implement the secondary and tertiary boycotts, but that, as members of the Arab League, they are not prepared to move on the primary boycott. We understand from USTR that Sheikha Lubna (Minister of Economy) and Dr. Mohammad Khirbash (Minister of State for Finance and Industry) became irate over discussion of the primary boycott issue in London. End Comment.
QUINN